

Reuters Business Wire story & HHS Press release, followed by a transcription of the event, below:

WASHINGTON--(Business Wire)--

Health and Human Services Secretary Kathleen Sebelius, along with Vermont Governor Jim Douglas and Director of the White House Office of Health Reform Nancy-Ann DeParle today announced an initiative that will allow Medicare to join Medicaid, and private insurers in state-based efforts to improve the way health care is delivered. Innovative models of delivering primary care around the country are examples of the types of programs that will be part of the President's health reform plan. These are models that improve care for patients, give primary care providers better information about their patients and achieve greater value for the health dollars spent.

The new demonstration will build on a model being tested in Vermont. Under the

Vermont model, private insurers work in cooperation with Medicaid to set uniform standards for "Advanced Primary Care (APC) models" also known as medical homes.

These models provide incentives for doctors to spend more time with their patients and offer better coordinated higher-quality medical care.

"These demonstrations will strengthen our health care system and allow public and private providers to better work together," said Sebelius. "When Medicare, Medicaid and private insurance companies coordinate their efforts, we can improve the quality of care for Medicare beneficiaries. As we have seen in Vermont, improved efficiencies in the system mean doctors can spend more time with their patients, provide high quality care and better coordinate that care with other medical professionals."

"The Medicare pilot program announced today will help states like Vermont achieve our vision of high quality, affordable health care for all our residents," said Douglas. "This is something we had been pushing for in Vermont for quite some time and I'm thrilled that Secretary Sebelius and her team have made it happen."

In Advanced Primary Care models, physicians are given supplemental payments for achieving nationally-recognized quality standards, coordinating care across a multidisciplinary team and monitoring patients' care outside the physician's office or hospital using health information technology.

This demonstration will mark the first time Medicare will be a full partner in these experiments and the practice model would, for the first time, align compensation offered by all insurers to primary care physicians. Instead of each third party payer and public program adopting different approaches, using different ways of measuring performance and creating different payment incentives, multi-payer programs will join together to work toward common goals to improve the delivery of care.

States wishing to participate in the new demonstration must:

- * certify they have already established similar cooperative agreements between private payers and their Medicaid program;
- * demonstrate a commitment from a majority of their primary care doctors to join the program;
- * meet a stringent set of qualifications for doctors who participate;
- * integrate public health services to emphasize wellness and prevention strategies.

The demonstration's design will include mechanisms to assure it generates savings for the Medicare trust funds and the federal government overall.

The Centers for Medicare & Medicaid Services will develop application materials later this fall with the expectation that the demonstration programs begin next year.

"This is a jump start on health insurance reform," said DeParle. "These demonstration projects will foster innovation, support change at the local level and help us build a better 21st century health care system."

To read a fact sheet on this initiative, visit <http://healthreform.gov/newsroom/factsheet/medicalhomes.html>

Note: All HHS press releases, fact sheets and other press materials are available at <http://www.hhs.gov/news>.

Sebelius, DeParle and Douglas Remark on Medicare

CQ Transcripts Wire

Wednesday, September 16, 2009 1:43 PM

WHITE HOUSE OFFICE FOR HEALTH REFORM DIRECTOR NANCY-ANN DEPARLE : It's my honor to welcome Secretary Kathleen Sebelius and Jim Douglas, the governor of the great state of Vermont.

Secretary Sebelius and I have been working together to advance the cause of health reform, and we've been honored to have Governor Douglas by our side. I had the pleasure of going up to Vermont to moderate a White House regional forum on health reform with the governor, and I want to thank him for his leadership as we've worked to make health reform a reality.

Governor Douglas and many of his colleagues know that we can't afford to wait for reform. Today, our nation spends \$7,421 per person on health care, but yet there are millions of Americans who can't get coverage.

According to one government analysis, if we do nothing, health expenditures in the United States could grow from \$2.5 trillion a year in 2009 to more than \$7 trillion in 2025.

And we know that families are suffering. And those of you who are primary-care clinicians today know that better than anyone, because you're on the front lines.

Yesterday, a new report from the Kaiser Family Foundation and Health Research and Educational Trust indicated that premiums for employer-sponsored health insurance have continued to rise. The average cost of a family policy in 2009 increased to \$13,375, and on average employees pay \$3,515 and employers pay a whopping \$9,860. And in the past 10 years, health insurance premiums have increased by 131 percent, far outpacing wage gains or inflation.

But cost isn't the only issue. Millions of Americans who have insurance know they could lose their health care at a moment's notice. These Americans don't have the security or the stability they need. They know that an insurance company could eliminate the coverage they need when they need it the most, when they're sick.

Every day, 14,000 Americans lose their health insurance. The president and leaders like Governor Douglas know that the status quo can't continue.

President Obama's health insurance reform plan addresses three simple goals: If you have health insurance, it will give you security and stability. If you don't have insurance, it will give you quality, affordable options for the first time, and it will lower the cost of health care for our families, our businesses, and our government.

Today, we're closer than we've ever been to enacting health insurance reform. I know that Congress is working hard to move forward, and I'm confident that we'll succeed. But as we move forward in the legislative process, we're also using the tools that we have to improve health care for all Americans.

As a former administrator of the Centers for Medicare and Medicaid Services, I know we have the ability to make constructive changes that will strengthen care for all Americans. And today, I'm pleased to introduce Secretary Sebelius, who will discuss an important demonstration project we'll be launching in the days ahead.

Madam Secretary?

KATHLEEN SEBELIUS, SECRETARY OF HEALTH AND HUMAN SERVICES: Well, thank you, Nancy-Ann. And it's great to be with my former colleague, Jim Douglas, again. Jim and I were elected together in 2002, re-elected together in 2006, and then I made a slight detour, but pleased to continue to work together on these important issues.

You know, there are a lot of people who tell me every day that they don't really believe that we can lower health care costs and produce

better care at the same time and say, how can that possibly be done? And the answer is really pretty simple.

We spend 50 percent more per person on health care than any country in the world, and yet our health results are pretty poor over and over again. So we've got a lot of room for improvement in what we're doing.

And today we're making an announcement about a new initiative that will help us deliver higher-quality patient-centered care at no extra cost to Americans. It's a model for care that's already in play. It'll be better for doctors, better for patients, and better for our national balance sheet, which is why this program has such widespread endorsement.

It's a model that achieves many of the same goals that we're trying to accomplish with health insurance reform, the legislation pending at the Congress. The model is called the advanced primary care or medical home model. And here's how it works in a state like Vermont.

Doctors are encouraged to coordinate care in the same way they do in high-performing, integrated health care systems, like Geisinger in Pennsylvania. And what we know is, when doctors work together in teams and share information more freely, patients are more likely to get the care they need and less likely to get duplicate or unnecessary care.

Patients just don't care from their doctors in this plan. They also get care from community health teams, staffed by nurses, social workers, and behavioral health counselors who check up on patients to make sure they're managing their chronic conditions.

So let's take a patient with diabetes. Instead of being told at your doctor visit you need to exercise more and eat better, and I'll see you in six months, you have providers actually working with that patient in the intervening time to help him or her stay healthy. What you get is a new model of health care that really could work for the entire country.

It's a model that patients like, because they get better care and more time with their doctors. It's a model that physicians like, because they can concentrate on keeping their patients healthy, which is why they went into medicine in the first place. And it's a model that's good for families, businesses and government, because it delivered efficient care, effective care, and saves dollars.

And it's not just the state of Vermont that's doing this, although Governor Douglas was a real leader in this area. In Maine, they started their own medical home pilots in January and got an overwhelming response, with more than 60 primary care practices applying to participate. Massachusetts is also following this model. In Colorado, they're currently testing the medical home model of 16 primary care practices across the state, and they already have some impressive preliminary results.

When children were enrolled in Medicaid or CHIP, were treated at medical homes, the medium health care costs went down 25 percent. But more importantly, those children were three times as likely to get a

well child visit. So better intervention, better check-ups, and lower costs.

It's results we've seen over and over again in advanced primary care models across the country, lowering costs from chronic disease, lower costs from emergency room visits, more preventive care, and higher patient satisfaction.

Now, the medical homes that are currently in operation are made possible by agreements between the public and private insurers in states to change incentives for providers to reward them for keeping their patients healthy. Earlier this year, Governor Douglas and several of our fellow colleagues who are governors wrote me in my new position to say, "We've got a great model, but currently we can do this only with Medicaid, with SCHIP, and with private insurers in our state. We think Medicare should participate in this program. We think there's a real opportunity here to expand to Medicare patients."

And so we took a look at what they were saying and took a look at these impressive results. So today, I'm announcing that Governor Douglas had a great idea.

(LAUGHTER)

Does that come as a surprise?

GOV. JIM DOUGLAS (R-VT.): Thank you.

SEBELIUS: And we're launching a new initiative that will allow Medicare to join with Medicaid and private insurers to support these advanced primary care models. States will be able to apply to participate in the initiative, but they're going to have to meet several qualifications, including guaranteeing that the model will actually produce better results with lower health care costs. And a lot of the criteria that actually is being put together models what is already in place in these states.

So we're excited to take Governor Douglas and his colleagues up on their effort for help for the same reason the administration is so supportive of health -- health insurance reform, because we believe it's both possible, but essential to build a health care system that delivers better, smarter care to Americans at a lower price.

It's why you see explicit support for the advanced primary care model in some of the reform bills in Congress. And you also see these priorities being echoed in the bills that are under consideration.

Health reform helps to limit co-pays for preventive care, which will help us catch small problems before they become big problems. And it helps invest in health I.T. to help doctors and hospital systems work more closely together, share information, identify complications, make sure that the patients are appropriately responding to treatments.

We're moving more toward bundled payments to hospitals and other care providers, to eliminate avoidable readmissions and reward better quality of care over quantity of care.

Yesterday, as Nancy-Ann has said, we got new evidence for why we urgently need health reform. And I just want to repeat some of the information from the Kaiser Family Foundation, because it is quite accurate and quite a gloomy picture of what Americans are facing.

Premiums up 130 percent over the last 10 years. Companies preparing to shift even more costs to workers; 4 in 10 say they'll raise premiums and co-pays; more than a third say workers will pay more for all the out-of-pocket expenses.

You know, former President Ronald Reagan used to say that status quo is Latin for "the mess we're in." And President Obama has made it incredibly clear that the status quo is unacceptable and unsustainable, and that's why he's proposed reform that will give Americans stability who have insurance coverage, changing the rules for insurance companies who now can kick people out or lock people out of the market, and reform is also -- and maybe most importantly -- about improving the quality of care for all Americans, making sure that they have access to high-quality health care systems, and get the primary and preventive care that can avoid high costs at the end of the day.

We know that this 21st century health care system is achievable, because we see it in places around the country. We see it in Vermont, in Colorado, in Maine. We see it in great health care systems delivering high-quality, lower cost care. We need to move health reform forward to ensure that that care is available to all Americans and use the tools that we have to put these great models in place.

So it's now my pleasure to introduce Governor Jim Douglas from the state of Vermont to talk a little bit about the advance care model.

(APPLAUSE)

DOUGLAS: Thank you. Secretary Sebelius, thank you so much. It's a real honor and privilege to be here with you today. It's, I think, important to have someone from the ranks of the governors serving in your role, because you understand fully not only the challenges that are faced by states in this difficult economic environment and with the health care issues that we're confronting, but also the opportunities. And that is evident in the announcement that you've made today. So thanks so much for -- for your leadership at the Department of Health and Human Services.

The Medicare pilot program that the secretary has announced today will help states like Vermont achieve our vision of high-quality, affordable health care for everybody across our state. This is something we've been pushing for, for some time, and I'm delighted that the secretary and her team have made it happen today.

I'm so pleased that this progress is taking place now. I have the honor of serving as chairman of the National Governors Association, and each year the incoming chair of the association selects a topic for focus during his or her term. And I've decided, not surprisingly, that health care is the issue that we've got to focus on as an association. And so the announcement today comes at a very welcome time. We have to work together to ensure that we have a system that is affordable, accessible, and accountable to the American people.

In 2003, we launched a program we called the Vermont Blueprint for Health. It's the state's vision for transforming our health care system.

Building on the Blueprint, we passed a comprehensive health reform measure three years later.

Our reform efforts were the product of extensive bipartisan negotiation and collaboration by my Republican administration and by the Democratic leaders of our legislature and by private-sector participants in our health care system across the state. We're all united in a common desire to arrest the spiraling growth of health care costs.

In Vermont, as in many states, that's an increasing percentage of our public spending, and especially in these tough fiscal times, we have to get it under control if we're going to be able to meet the other legitimate needs in education and environmental programs, in transportation, and the other services that are so important to the people we serve.

So we worked together across the political aisle to compromise, to craft a successful health care reform package, and I think it's equally important that everybody work together in Washington, D.C., to achieve health care reform that will be meaningful and accepted by the American people.

I want to thank the efforts of the administration for reaching across the aisle, participating on a bipartisan basis in this debate, and I hope that, in the end, we're able to work together to find the solution.

Well, the bill that we passed three years ago encompasses over 60 different initiatives, including the availability of new subsidized coverage for low-income, uninsured individuals, investments in health information technology, and the Blueprint, which will benefit most greatly from the announcement that we just heard today. A lot of our delivery system is about breaking down barriers. For many of us, a visit to a family physician takes place in one silo, while a visit to a specialist or a hospital is in another silo. So we're utilizing the health teams to which the secretary referred to break down these silos and provide coordinated services through primary care practices, both for those with chronic diseases and for those whom we want to -- for whom we want to promote prevention and wellness.

The primary care medical home is critical to coordinating these services. By using health I.T., your primary care doctor in Vermont receives updates on your care by connecting to the specialists, labs and hospitals that you visit, no matter where those services might be delivered. Duplicative and, by definition, unnecessary and costly tests are eliminated, and dangerous medication interactions are flagged.

Commonsense coordination leads not only to better quality, but saves money throughout the whole system. For example, in a hospital in the city of Rutland, Vermont, doctors in the emergency department now have electronic access to a patient's medication history. They're able to

diagnose more quickly a possible adverse drug reaction and avoid the need for costly tests, which can save time, money, and even lives.

The Blueprint's primary care model means a different health care experience for patients and physicians. From the patient's perspective, they have a more thorough and less hurried primary care visit. Their community health team is there to make sure they understand their care plan and connect them with the community services that they need.

The primary care providers are being paid for better care, not more care, through incentive payments. In our Vermont pilots, which now cover about 10 percent of our population, participating providers receive a larger fee for higher performance. From the primary care providers' perspective, they now have the tools to fulfill the mission that motivated them to choose their profession in the first place. With all insurers supporting this model of care, physicians can make sure that patients' individual needs and concerns are addressed.

Medicaid and all the private insurers in the state, as well as large employers, participate in the Blueprint. And with today's announcement, Medicare will now be able to participate in this type of exciting and innovative state-led reform.

These aren't just theories about what will happen some time in the far-off future. These reforms are having a real impact on people's lives today.

Nancy-Ann mentioned the White House forum, and I want to thank her and the president for inviting me to be one of the few governors to host a forum earlier this year. But at that forum, a young woman from the town of St. Johnsbury, named Rhonda Rose (ph), explained how her community care team has improved her life and her health. Rhonda had struggled for years to get a handle on her chronic disease. As a recipient of Medicaid and other state programs, her struggle had a financial impact on the state. Now, through a doctor, a social worker, and others on her community health team, she's taking necessary steps to prevent expensive emergency department visits, and her health has improved, and she's back to work.

Ultimately, that's really what health care reform is all about: slowing the growth in costs, enhancing the quality of care delivered, improving the lives of individual Americans, and helping to ensure a strong economic recovery. I know this is what the president is trying to achieve, and I appreciate his partnership with the states and encourage my colleagues on both sides of the political aisle to move forward to accomplish these vital goals for the American people.

Our reform efforts need to be a true partnership between the states and the federal government and between policymakers of both parties. Today's announcement is certainly a great step forward, and I want to thank Secretary Sebelius once again for her leadership and for making this pilot available. I know it's going to make a difference for a lot of people across our great country.

Thank you, Kathleen.

(APPLAUSE)

DEPARLE: Thank you, Governor, for leading us forward on this new model.
And thank you, Secretary Sebelius. And thank everyone for coming